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FOREIGN AGRICULTURE

SEPTEMBER 4, 1972

World Cotton Prices Down

Zenno—Japan's Big New Farm Co-op

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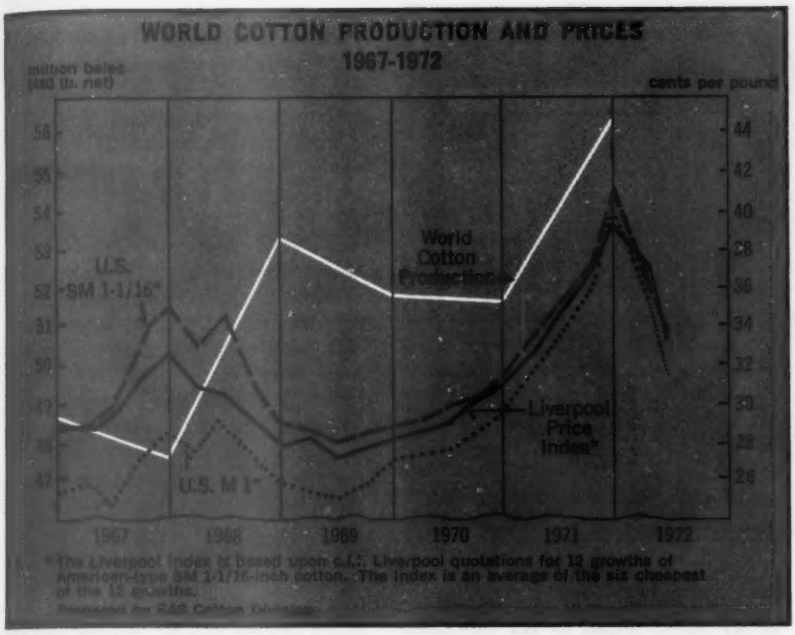
World Cotton Prices Move Downward From 1971-72 Peak

By MARY W. CHAVES
Cotton Division
Foreign Agricultural Service

While world cotton producers and consumers have alternately lamented or rejoiced, cotton prices in international markets have fluctuated dramatically in recent years.

Record production in several countries and peak cotton prices in 1971-72 (crop year beginning August 1) combined to give both domestic U.S. cotton farmers and foreign producers good returns for their time and energy this past season. However, forward crop contracting in some countries modified potential earnings as prices climbed steadily throughout the summer and fall. Meanwhile, foreign consumers vied for early purchases as the rising price trend became apparent and reduced supplies of the desirable qualities helped to boost prices even higher. This threatened some cotton mill industries and caused others to turn increasingly toward manmade fibers.

At first, the price rise seemed reminiscent of the sharp increases which occurred in the summer and fall of 1967, when world production fell by a million bales (each 480 lb. net) and world consumption exceeded production by almost 5 million bales. The parallel does not hold, however, for the 1971-72 crop was substantially above the 1970-71 level and consumption, although rising, was 1 million bales lower than final production for the season. It became apparent as excellent weather produced record or near-record crops in Greece, Turkey, the Soviet Union, Pakistan, and then in the Sudan, India, and Brazil that world cotton prices were no longer responding mainly to the in-


WORLD COTTON PRODUCTION AND PRICES
1967-1972
million bales (480 lb. net)
cents per pound
World Cotton Production
U.S. SM 1-1/16"
Liverpool Price Index*
U.S. M 1"
1967
1968
1969
1970
1971
1972
* The Liverpool index is based upon c.i.f. Liverpool quotations for 12 growths of American-type SM 1-1/16-inch cotton. The index is an average of the six cheapest of the 12 growths.
Prepared by FAS Cotton Division

fluence of world production and consumption levels, but also to the world stock level, which dipped to an 18-year low in early 1971-72.

Since the summer of 1969 world cotton prices (based upon the Liverpool Index of Strict Middling (SM) 1-1/16-inch) have risen more than 12 cents—an increase of 45 percent—from a low of 27.28 cents a pound in mid-1969 to a quarterly average of 39.58 cents in early 1972. Weekly prices peaked at more than 40 cents in late January. The previous peak in early 1968 had been considerably lower: 32.45 cents for the quarter.

Because the Liverpool Index is based on the six cheapest of 12 SM 1-1/16″ growths, the Index declined sharply once the United States and other countries, which harvest their crops in the fall, changed their quotations to the new 1972-73 crop basis. With very tight 1971-72 crop supplies in the United States during the spring, however, spot prices continued to climb in the domestic market. At one point spot prices were as much as 10 cents above forward quotations for fall delivery of the 1972-73 crop.

Since the 1967-68 season U.S. SM 1-1/16″ prices have been almost continuously above the Liverpool Index—as much as 3.5 cents above the Index in mid-1968—with only a few exceptions including a lengthy period in the fall of 1971 and again this spring.

For 15 weeks following the dollar float on August 15, 1971, U.S. SM 1-1/16″ quotations in Liverpool were below the Liverpool Index. Immediately following the float, U.S. quotations dropped 1.75 cents in Liverpool, giving U.S. cotton a substantial competitive edge over several foreign growths. This assisted U.S. cotton exports to some European countries—especially Italy.

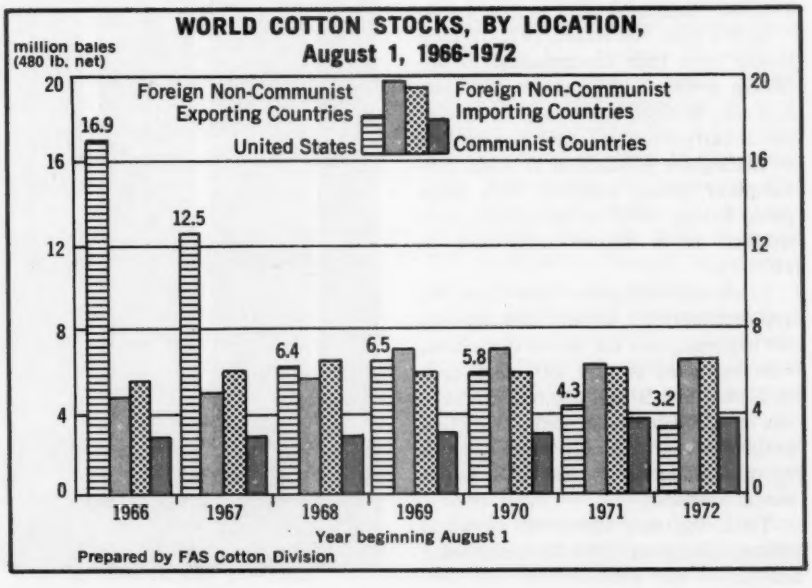
Strong foreign demand and a revision of U.S. production estimates which reduced the apparent availability of U.S. cotton for export caused a sharp U.S. price rise in late November and December 1971, placing U.S. quotations again above comparable foreign quotations by a good margin. By February 1972 they had reached almost 42 cents, substantially above prices for most foreign cottons.

The change in U.S. quotations to the new crop basis in mid-March caused U.S. prices to fall a full 4.5 cents and made U.S. cotton once again competitive in international markets. U.S. new-crop prices for SM 1-1/16″ remained below the Liverpool Index for 16 consecutive weeks between March and July 1972.

During the previous price rise in 1967-68, the United States had a significantly larger supply of shorter staple cotton than its supply of SM 1-1/16″. Prices for Middling 1″ cotton did not experience as steep a price climb as prices for the longer staples during that period, and the margin between M 1″ and SM 1-1/16″ cotton broadened from 3.5 cents to above 6 cents in mid-season.

As a result U.S. cotton producers decided to produce more of the longer staple cotton to meet export demand for these qualities, particularly demand stemming from the European mill industry. By 1971-72 the margin had narrowed considerably, falling from 2.25 cents early in the season to only 90 points (0.9 cent) by early 1972.

Extremely tight U.S. supplies contributed to prices for U.S. M 1″ that



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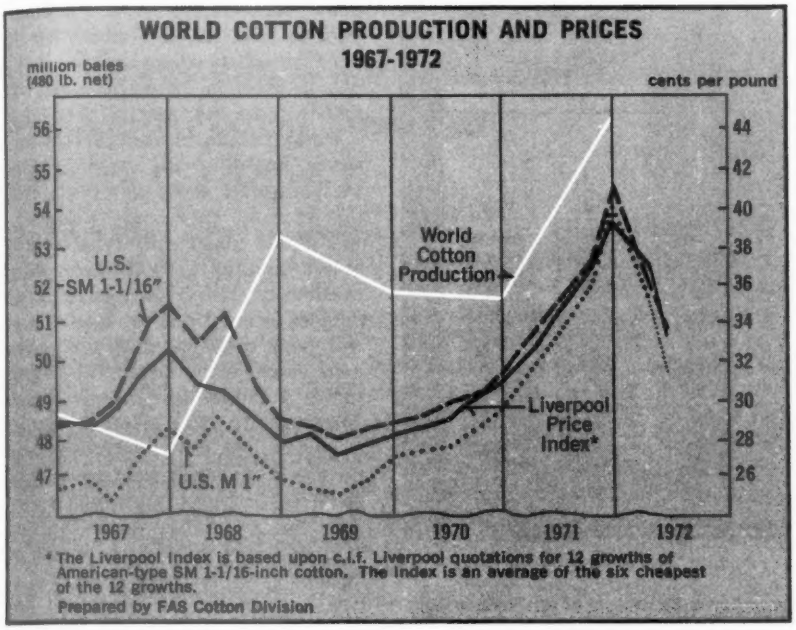

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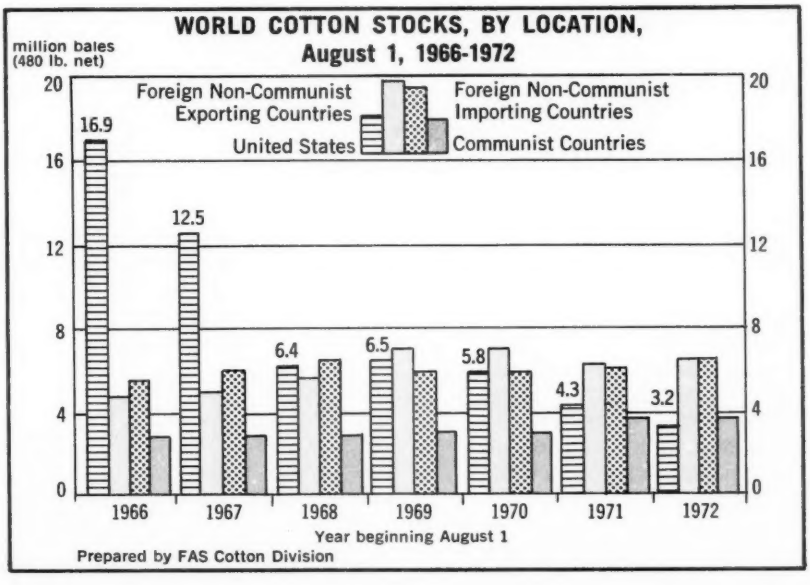
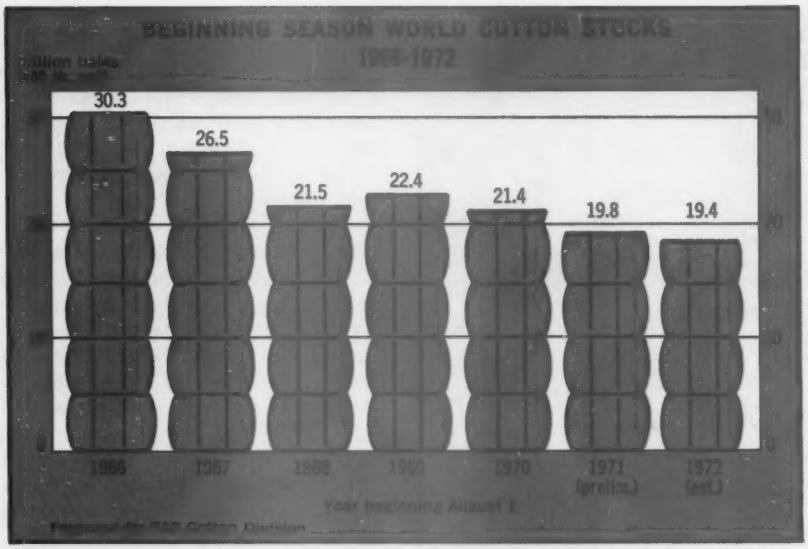




were even higher than the Liverpool Index for SM 1-1/16″ cottons for December 1971-February 1972. More recently, the margin between U.S. M 1″ and U.S. SM 1-1/16″ has widened once more to 2 cents, under the influence of declining Pakistani quotations and prospects for a large U.S. short staple crop.

The level of world cotton production appears to have had a major impact on world cotton prices in the period 1967-68 through 1970-71. During this period a reduction in the world production level corresponded closely with rising prices for cotton in international markets, while a substantial increase in cotton production—as occurred in 1968-69—coincided with falling prices.

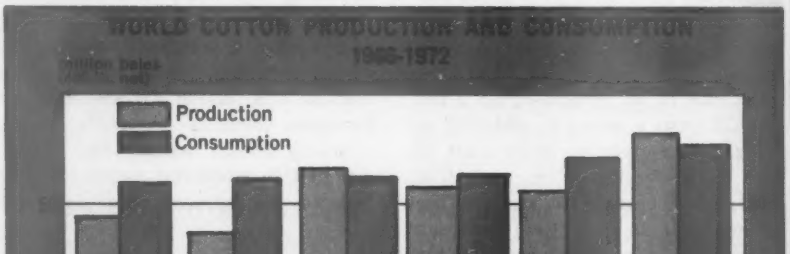
In this light, the record 1971-72 crop should have been accompanied by declining prices. Such was not the case, however, as tight world supplies of cotton in carryover stocks and the prospect of inadequate production to meet consumption needs, together with some panic buying early in the season, contributed to a record price rise in 1971-72.

Production estimates were raised by approximately 2.5 million bales between the beginning and the end of the season, with increases of 250,000 bales each in Turkey and Brazil, 600,000 in Pakistan, 800,000 in India, and 1.3 million in the Soviet Union only partially offset by the reduction in the U.S. early-season estimate.

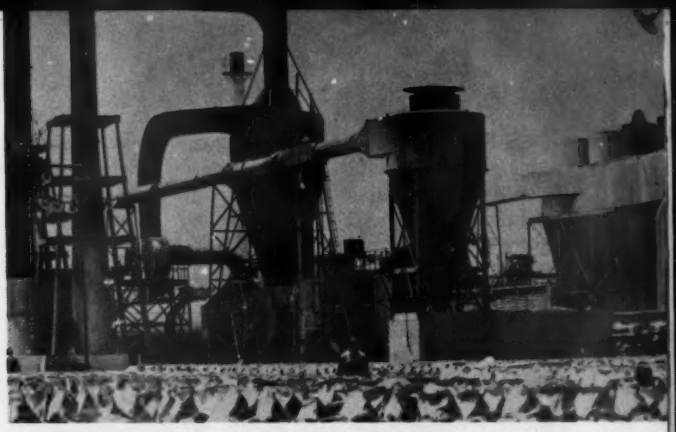
Thus, the very low level of world cotton stocks in 1971-72 contributed to volatile cotton prices this past season. World cotton stocks at the beginning of the 1971-72 season totaled only 19.8 million bales, compared with a high of 30.3 million in 1966-67. The sharp reduction in stocks was caused by consumption levels that exceeded production of cotton in four of the five seasons prior to 1971-72. U.S. stocks felt the most reduction, dropping from 16.9 million bales in 1966-67 to only 4.3 million at the beginning of 1971-72.

Cotton stocks in foreign non-Communist importing and exporting countries also were down in 1971-72 from the previous year; only Communist stocks had risen, due to a bumper Soviet crop in 1970-71. Late season revisions of production estimates helped to stem further price increases, but no real price drop occurred until quotations moved to the new 1972-73 crop.

World cotton stocks remain tight going into the 1972-73 season, but the current outlook for world production is for enough cotton to meet consumption needs and perhaps to contribute to some rebuilding of stocks. Meanwhile, both cotton farmers and the cotton mill industries hope for greater stability in cotton prices which will provide adequate income for the farmer and not threaten to put the mill industries out of business, as occurred in some European countries this past season. Greater stability also would assist cotton in its competition with manmade fibers.



U.S. Vegetable Oil Mission to Latin America Reports Oil Sales Down, Potential for Beans



Peru's fishmeal plants also produce fish oil.

The United States is rapidly losing its cash soybean oil markets in certain Latin American countries. This was the general conclusion drawn by a U.S. vegetable oil mission that went during the spring to the Dominican Republic, Haiti, Jamaica, Panama, Ecuador, and Peru[1]—countries that together accounted for about $33 million of U.S. soybean oil exports in calendar 1971.

The mission reported that in some countries the chief problem is price competition from other imported oils, principally soybean oil from Brazil; in others, it is governmental oil import and resale policies designed to protect the expansion of domestic oilseed production. Either way, commercial sales of U.S. soybean oil are running into heavy weather.

However, substantial quantities of U.S. soybean oil are expected to continue moving to this region in the short run under various USDA-administered programs including Public Law 480, Commodity Credit Corporation (CCC), and barter. In the long run, U.S. commercial export prospects are probably better for soybeans as beans than as oil, if several of the countries succeed in developing their own crushing facilities as they now plan to do.

Dominican Republic. This Caribbean nation has been a continuing market for U.S. soybean oil. U.S. exports rose to over 20,000 tons in calendar 1968 before slumping in 1971 to less than 12,000 tons. U.S. soybean oil exports should continue for a time at 10,000 to 12,000 tons, primarily under P.L. 480 programs.

However, the mission was told by the Republic's Price Stabilization Institute (PSI) that every effort is being made to attain self-sufficiency in vegetable oil production. PSI hopes to increase soybean oil supplies by expanding the fledgling soybean crushing industry, and looks forward to importing soybeans instead of soybean oil. Thus, within the next 10 years the country may not be an outlet for U.S. vegetable oil.

At present, local production consists entirely of coconut oil (for which local preference may be decreasing) and amounts to about 9,000 metric tons a year. About 6,000 tons are consumed domestically and about 3,000 tons exported. This oil is sold at a loss on world markets; production costs of about $368 per ton are higher than world prices. The same is true of copra, for which production costs are about $200 per ton compared with the c.i.f. Europe price of about $140. For both copra and coconut oil, PSI makes up the difference.

Local preference in fats and oils has shifted from lard—used extensively many years ago—to peanut oil and then —for price reasons—to soybean oil, despite some initial rejection because of odor. Most soybean oil is blended with cottonseed oil for this reason.

Oil imports are controlled by PSI, which decides the quantity, makes the purchases, allocates supplies to processors, and sets the selling price to processors. The oil import quota is set by PSI and distributed among the processors in proportion to the percentage of local oilseeds they purchase.

Under the 1971 Title I, P.L. 480, sales agreement, proceeds from sales of imported vegetable oil are deposited to a special Central Bank account, and sums equal to the difference between the landed cost and the resale value may be used by PSI in its price stabilization operations for rice, beans, sorghum, and corn. Such an arrangement encourages a high domestic price for imported P.L. 480 oil to generate funds for the promotion of agricultural production in the Dominican Republic. This action limits U.S. soybean oil sales in both the short and long run.

The mission recommended that sales of high-quality U.S. soybean oil continue to be promoted under U.S. Government programs, so that Dominicans will become increasingly adjusted to the taste of the product and thus help insure a future market for U.S. soybeans in the Dominican processing industry.

Haiti. Although Haiti has the lowest per capita income in the West Indies, it has been a steadily growing cash market for U.S. soybean oil. Sales in calendar 1971 reached nearly 11,000 metric tons. This represents a large share of current vegetable oil consumption, estimated at about 16,000 metric tons. The mission felt, however, that this share could decline in the near term unless steps are taken to insure U.S. participation through concessional sales programs for soybean oil.

U.S. soybean oil also represents a large share of overall fats and oils consumption, which the Haitian trade puts at about 25,000 tons a year total and about 10 pounds per capita. Of the total, 7,000-8,000 tons is tallow and about 2,000 tons is lard, both imported mainly from the United States.

Trade sources have projected a continued increase in imports of vegetable oils. But the dominant role of soybean

[1] The mission was sponsored jointly by USDA and the National Soybean Processors Association. Its members were: George E. Wanamaker, Fats and Oils Division, Foreign Agricultural Service (team leader), and Clarence Goldsborough, Cotton, Dairy, and Oilseeds Division, Export Marketing Service, both of USDA; Theodore W. Bean, president, Quincy Soybean Co., Quincy, Ill.; and Kermit F. Head, general manager, Missouri Farmers Association, Mexico, Mo.

oil may be in jeopardy, as the neighboring Dominican Republic has begun shipping coconut oil to Haiti under heavy subsidy. Haitians have a strong preference for soybean oil, so despite a price 1½ cents higher than that of coconut oil, soybean oil is still holding its share of the market.

Haitian Government officials, eager to increase per capita fats and oils consumption, are interested in barter and CCC credit as ways of purchasing U.S. soybean oil. Barter has been helpful in marketing U.S. soybean oil in Haiti. The mission, while recommending a Title I, P.L. 480 program, stresses that adequate safeguards and incentives for the private importers should be provided.

There is continuing evidence that the Haitian fats and oils economy is improving. Minimum wages have increased, U.S. and local investments are constructing new facilities for unloading oil, and per capita consumption of fats and oils is rising. Soybean oil refining capacity, now estimated at 17,250 tons, is being expanded; and Haiti is reportedly interested in a new soybean crushing complex. Should this materialize, and domestic meal requirements increase, U.S. exports might shift from soybean oil to soybeans.

Jamaica. This oil-deficit nation has been a steady buyer of 4,000 to 7,000 tons of U.S. soybean oil a year, with shipments from 1971 at over 4,000 tons.

Jamaica is pushing hard for oil self-sufficiency through expanded coconut production and expects to reach it by 1980, according to the manager of the Coconut Industry Board. Meantime, it has been filling most of its vegetable oil deficit through soybean oil purchases from the United States, largely under the barter program; and these purchases are likely to continue.

Other sources of imports are the Scandinavian countries, for marine oils, which are not subject to CARIFTA controls; and the Dominican Republic, for coconut oil.

The Jamaican vegetable oil market is unofficially estimated at about 20,000 to 25,000 metric tons a year, with total consumption of edible fats increasing at 5 to 6 percent annually—more than twice as fast as population. Domestic production of copra has now reached 25,000 tons, or about 14,000 tons oil basis. Coconut oil is generally consumed in liquid form, and the Jamaicans are said to have developed a taste for it. Margarine production is estimated at 5,000 tons and shortening at an additional 3,000.

Industry representatives feel that U.S. soybean oil needs to approximate 10 cents per pound, Decatur basis, to hold its share of the local market. The current price, however, remains above 11 cents. CCC credit holds no attraction for the Jamaican importer, since bank charges add 2 percent and bring the total cost to more than the current local interest rate of 8½ percent.

The high price of soybean oil has caused Seprod (the agency controlling vegetable oil imports) to replace some soybean oil purchases with tallow, and to contemplate switching in 6-8 months its U.S. soybean oil purchases from once-refined to crude degummed.

Also under consideration in some quarters is the building of crushing facilities for processing U.S. soybeans.

Panama. In recent years, Panama has become an important and competitive market for U.S. soybean oil. Purchases jumped to more than 13,000 tons in 1971 compared with only about 8,000 tons in 1970. Import requirements for 1972 are currently estimated at around 15,000 tons. However, these requirements are expected to be met primarily by non-U.S.-origin soybean oil.

While the United States was essentially Panama's only supplier of soybean oil until 1970, the picture is more complicated now. Europe and Brazil have emerged as suppliers; and with the Panama Canal a major shipping lane, Panama has access to other very competitive sources.

Panama's economic development institute, Instituto de Fomento Economico (EFI), appears to be interested in increasing local oilseed production. Some progress has already been made in growing palm; palm oil production is unofficially estimated at around 1,600 tons annually. EFI requires local processors to purchase all local palm oil at the same price as imported vegetable oils—$352 per ton. Since refining losses on palm are high and market acceptance is limited, processors find this requirement burdensome.

Buying soybean oil in Panama involves both the Government and private industry. EFI receives requests from the two local refineries for monthly oil imports by type for a 12-month period. These have approximated 650 metric tons per plant per month, or a total of 13,000 tons. EFI then prepares a tender against which private importers in Panama may bid. After bids are accepted and bonds posted, traders may purchase on a global basis for delivery f.o.b. refinery. Since Panama's currency is freely convertible (U.S. dollars are widely used), importers will purchase in the cheapest market after taking freight charges into account.

With no bulk vegetable oil tanks at Panamanian ports, shipments are unloaded directly into trucks, a slow and costly process. Refiners have been paying EFI a fixed price of 16 cents per pound ($352 per metric ton). They do a good job of refining, packaging, and marketing soybean oil.

Barter and CCC credit have been helpful in this trade, though they do not appear to quite cover the need. To the trader, with local credit approximating 9½ percent, CCC credit through U.S. banks at 6⅛ percent and on a 6-month to 1-year basis is attractive. Local refiners would also prefer credit lines, but through local banks. In view of the fixed EFI resale price on oil, barter is of considerable importance to the trader but of no value to the refiner, since the lower the purchase price the greater the margin the trader keeps.

The feeling of the mission was that under present world price relationships for soybean oil, concessional terms would be needed to keep U.S. soybean oil in the Panamanian market.

Ecuador. U.S. exports of soybean oil to Ecuador have increased from around 3,800 tons in 1967 to around 12,000 tons in 1971. But the Government is limiting the importation of edible vegetable oils through licensing, low ceiling prices on oils, and continued unwillingness to project import requirements in advance. Oil requirements for 1972 have been unofficially estimated at 34,000 tons, including imports of 25,000 tons; but actual imports are not expected to exceed 20,000 tons as import authorizations continue to be delayed.

Much of the uncertainty over imports appears to be based on inadequate information on the domestic oilseed crop. The mission suggested that since this crop—at present, principally palms—is still relatively small and increasing

(Continued on page 12)

Zenno Merger Puts Japan's Co-Op Buying And Marketing Under One Roof

BY GORDON S. NICKS
Former Assistant U.S. Agricultural Attaché, Tokyo

A local agricultural cooperative's shop in Hokkaido.

Two of Japan's largest agricultural cooperatives, Zenkoren (National Purchase Federation) and Zenhanren (National Marketing Federation) have recently merged into Zenno (National Federation of Agricultural Cooperatives). The merger, carried out only after extensive study and groundwork, brings together all cooperative procurement and marketing activities in Japan under one central authority. Zenno is clearly among the largest agricultural purchasing and marketing federations in the world in terms of business volume. It may well be the largest.

Cooperatives play a gigantic role in Japanese agriculture. According to the Ministry of Agriculture and Forestry, 99.8 percent of the 5.34 million farm households in Japan are members. Two areas in which cooperatives have been very influential are in selling equipment and supplies to farmers and marketing their production.

Approximately 80 percent of the fertilizers, 85 percent of the agricultural chemicals, 39 percent of the machinery, and 48 percent of the total commercial feed sold in Japan are marketed through co-ops. In addition, about 94 percent of the rice and 57 percent of the wheat and barley are similarly sold.

The combined value of domestically produced farm products marketed through Zenhanren and the value of farm supplies sold to farmers by Zenkoren in fiscal 1970-71 (July-June) equaled $7 billion, placing them in 5th place in terms of value of total merchandise trade in Japan. Thus, Zenno starts operating in an enviable position.

The merger had been under study since the late 1950's, but the decision to merge was not made until October 1970, at the 12th National Convention of Agricultural Cooperatives. From October 1970 until March of this year, groundwork was laid to assure smooth functioning of business activities following the merger.

Zenno's management has explained that the merger was necessary to enable Japanese agriculture to successfully deal with rapidly changing economic forces. It became imperative when the rice production curtailment program, inaugurated in 1970, and the extensive liberalization of farm commodities reduced revenues to many farmers.

Zenno's President, Makoto Mihashi, who was president of Zenkoren prior to the merger, feels the newly merged cooperative federation will be better able to serve farmers, both by supplying their needs and helping their products reach consumers. Zenno expects to be able to do this more effectively and with lower prices to all. Greater efficiency combined with lesser production and distribution costs will enable farmers and Zenno to meet increased competition from imported products.

Zenno hopes to expand both the share of farm products it markets for its membership, and the share of supplies it sells to farmers. It expects the value of the products it handles to increase to $10 billion by 1974-75. This optimism is prompted by an expected doubling of demand for agricultural

(Continued on page 16)

VALUE OF IMPORTS BY UNICOOPJAPAN, SELECTED JAPANESE FISCAL YEARS 1961-71

Country	Principal items	Year beginning April 1						
		1961	1963	1965	1967	1969	1970	1971 [1]
		1,000 dol.[2]	*1,000 dol.*[2]	*1,000 dol.*[2]	*1,000 dol.*[2]	*1,000 dol.*[2]	*1,000 dol.*[2]	*1,000 dol.*[2]
United States	Corn, milo, alfalfa	133	2,656	7,191	30,941	54,771	62,480	68,500
China	Soybeans	0	2,535	8,860	3,801	4,218	6,578	7,400
Thailand	Corn	0	942	3,929	4,703	5,789	5,954	6,600
Argentina	Milo, corn, horse meat	17	281	471	171	4,991	5,617	9,400
Canada	Milk powder, wheat bran	133	0	201	269	515	2,663	5,200
Peru	Fishmeal	0	157	2,915	1,244	2,177	1,915	3,900
Others [3]		2,073	4,001	3,949	11,755	12,462	10,282	29,800
Total		2,336	10,572	27,516	52,884	84,923	95,479	127,800
		Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
U.S. share of total		5.7	25.2	27.0	58.5	64.5	65.5	53.6

[1] Preliminary. [2] 1971 converted from yen to dollars at rate of 336 yen per dollar, all other years converted at 360 yen. [3] Includes more than 23 other countries.

Can the United States Retain Its Farm Market in Norway?

Led by soybeans, U.S. farm exports currently are on the upbeat, but competition will intensify if Norway joins the EC.

By OMERO SABATINI and MARSHALL H. COHEN
Foreign Demand and Competition Division
Economic Research Service

Norway, which has been a fluctuating market for U.S. farm products, now is on an upswing, but accession into the European Community (EC)—scheduled for next January—could change trade patterns to the disadvantage of U.S. suppliers.

Norway is a small, but growing market for U.S. farm products. In the first quarter of this year, U.S. agricultural exports rose $3.3 million above those in the same quarter of 1971 reaching a total of $14.5 million. Sales in 1971, at $44 million, were 15 percent above 1970 sales and nearly 8 percent above the 1965-69 annual average. However, 1971 exports still were below the record level of 1966 and lower than in 1967.

A 3-year downswing in the value of U.S. farm sales to Norway was reversed in 1970 largely because of an upturn in soybean shipments. This sharp rise, which has continued into 1972, also has accounted for most of the recent expansion in total exports.

In 1971, exports of soybeans were 55 percent higher (by value) than in 1970 and almost double the 1965-69 level.

Soybeans are Norway's principal farm import. Last year all imports were from the United States. A shift from hydrogenated fish oils to soybean oil in the production of margarine is the primary factor contributing to the upsurge in soybean use.

Last year, bulk items accounted for 85 percent of total U.S. agricultural sales to Norway. Practically all other export sales were of consumer-ready, grocery store items. Livestock sales are sporadic and generally of small value.

Soybeans, tobacco, wheat, oilcake and meal, tallow, and cotton made up more than 94 percent of the value of bulk-item U.S. sales. Soybeans alone accounted for 71 percent of this.

The share of soybeans in total farm exports was almost 60 percent in 1971 and the first quarter of 1972, compared with 44 percent in 1970 and 54 percent in the first quarter of 1971. Other bulk commodities which in 1971 were relatively important U.S. exports to Norway include peanuts, spices, dried peas and lentils, seeds for planting, rice, essential oils, and starches.

Five groups of products make up about 90 percent of the shipments of consumer items. They are: Nuts (mostly almonds); dried fruits (primarily prunes and raisins); fresh fruit, fruit juices (mainly frozen orange juice concentrate), and vegetable juices; and preserved fruit (primarily canned peaches and fruit cocktail). A vast array of other grocery goods is exported to Norway in small quantities.

According to reports from the Office of the U.S. Agricultural Attaché, short-term prospects for a significant expansion in U.S. sales of farm products to Norway depend largely on exports of soybeans and grain for both food and feed.

Total exports of soybeans in 1972 will depend largely on the expansion plans of Norway's two crushers. At the beginning of 1972 crushing capacity was 225,000 metric tons. This could go to 450,000 tons by the end of the year. In 1971, U.S. soybean sales reached 224,000 tons.

Exports of U.S. wheat (mostly hard) to Norway in calendar year 1972 should reach at least 60,000 tons (which was the amount contracted by the first part of the year) compared with less than 46,000 in 1971. Shipments from the United States this year will entirely replace traditional imports of Spring wheat from Canada. U.S. corn will fare relatively well in the Norwegian market. During January-May 1972 Norway bought 36,000 metric tons. U.S. sales had fallen from an average of 92,000 tons in 1965-66 to 21,000 in 1970, and even further to less than 1,000 in 1971.

On the other hand, Norway's imports of barley and barley products will be supplied almost exclusively by the European Community (EC).

In recent years Norway has had an oversupply of meal, but reductions in the price charged to farmers by the State trading agency are making meal more attractive. Thus, local consumption is increasing. In 1971, U.S. exports of oilcake and meal at $851,000 were nearly 16 times greater than the 1968-70 average.

Among the other bulk commodities with recent export growth is tallow, with 1971 sales 46 percent higher than 1970's and 116 percent above the 1965-69 average. Peanut sales, too, rose 336 percent from 1970 and 428 percent above 1965-69. Spice sales rose 62 percent in 1971 over the previous year and 185 percent above the 1965-69 average. Seeds for planting were up 118 percent in 1971 from 1970 and 164 over 1965-69. And essential oils rose 9 percent in 1971 and were 38 percent over the 5-year average.

On the other hand, U.S. sales of cotton in 1971, although much higher than in 1969 or 1970, remained below the quantity shipped in the mid-1960's. Exports of tobacco (by value) were down 45 percent from 1970 and were 36 percent below the 1965-69 figure, but have improved substantially in the first quarter of 1972.

Although total U.S. agricultural exports to Norway rose in 1970 and 1971, sales of consumer-ready items declined in both years. In 1971, exports of consumer items were at the second lowest level since 1965. Some of the 1971 drop in sales has been attributed to transportation difficulties resulting from the dock strikes in the United States.

In 1971, only two consumer product exports valued at $50,000 or more

recorded sales above both 1970 shipments and the 1965-69 average. They were frozen orange juice concentrate, with 1971 sales 16 times larger than in 1970 and 30 times greater than in 1965-69; and fresh grapes, which were up 97 percent from 1970 and were 19 percent above 1965-69.

Sales of prunes, on the other hand, were 18 percent above 1970, but 19 percent lower than shipments in 1965-69. Exports of almonds were slightly lower in 1971 than in 1970, but were 165 percent above the 1965-69 average. In 1971, almonds made up 28 percent of the value of consumer items and more than 4 percent of the value of total agricultural exports.

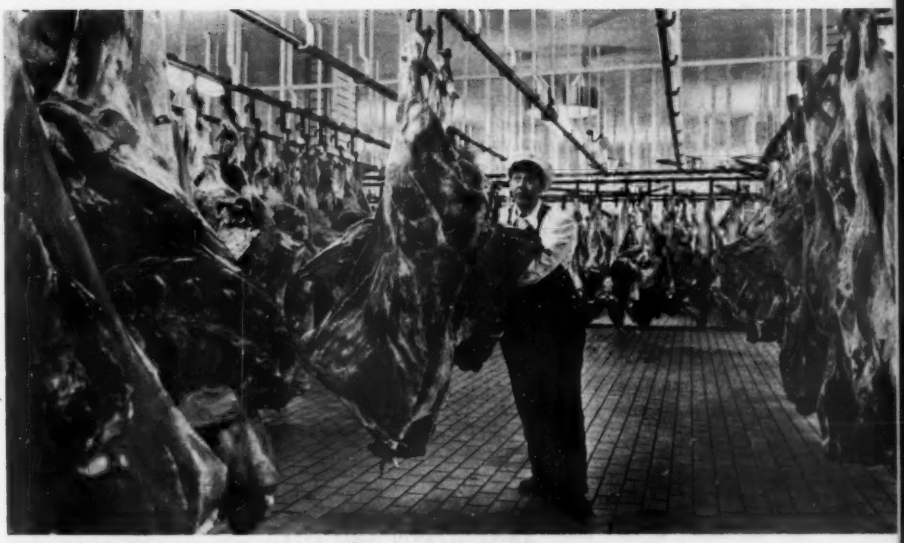
Shipments of all other consumer products with a 1971 export value of $50,000 or more were below both the 1970 and the 1965-69 levels, in some cases rather drastically. Among these items were canned asparagus; raisins; fresh oranges, lemons, apples, and pears; canned pineapple, fruit cocktail, and peaches.

The Office of the Agricultural Attaché sees good prospects for an upturn in sales of U.S. canned peaches in 1972. Prices of Australian peaches are not expected to be competitive, and South African products are not considered a serious threat despite lower prices.

Canned pineapple, on the other hand, will be imported from non-U.S. sources to a greater extent in 1972 because a customs preference is given to products from developing countries. Kenya and the Philippines are expected to be the major suppliers.

Among consumer-ready exports with a 1971 value of less than $50,000, sales of canned orange juice (not frozen) have increased rapidly since the mid-sixties; some sauces and mixed seasonings were higher last year than almost all years since 1965; and infant dietary supplements rose to $36,000 from virtually nothing in earlier years.

The market for convenience, frozen, and dehydrated foods is growing in Norway, mainly because larger numbers of women are employed outside the home. However, expansion of this market is likely to be slower than in some other developed countries because tastes change less rapidly and urban growth is less pronounced. Also, price competition for these types of processed foods from European suppliers is very sharp. U.S. sales of dehydrated vegetables have declined in recent years and exports of frozen vegetables are practically nil.



End product for U.S. soybeans: beef carcasses in Norwegian slaughterhouse.

Norwegian incomes are among the highest in the world. Per capita gross national product (GNP) was about $3,000 in 1970 (population totals nearly 4 million) and the country has had almost full employment since the early 1960's. Foreign exchange reserves have been rising, reaching $1.2 billion at the end of 1971. Inflation has been a serious problem in recent years and the Government still is seeking to slow the growth of private consumption. Nevertheless, most wages have increased faster than prices and imports of farm products should continue at relatively high levels.

Norway is only 40 percent self-sufficient in foodstuffs (on a calorie basis). Some net import requirements in percent of total consumption are: Oilseeds, breadgrains, and citrus fruits, 100 percent; feed concentrates, 58; all fruits, 63.

However, the country has a surplus of some livestock products.

All of Norway's tobacco is imported.

Most of the commodities which Norway imports are produced in the EC. Thus, if Norway joins the Community in January 1973 as is now planned, its trade patterns are expected to change to the disadvantage of U.S. suppliers, who may find it difficult to retain their present share of the Norwegian market. The U.S. share of Norway's farm imports dropped from 19 percent in 1965 to 15 in 1969, but edged up to 16 percent in 1970.

If Norway becomes a member of the EC, the gradual adoption of the Community's Common Agricultural Policy (CAP), of the common external tariff (CXT), and of variable levies will have an adverse effect on nearly all Norwegian farm imports from the United States, with the notable exception of soybeans. For example, imports of wheat now enter Norway duty free and imports of tobacco are unrestricted. This would not be so under the EC.

However, farm prices in Norway generally are higher than in the EC countries and although Norway will be granted several concessions, including a 3-year standstill for its farm support program, strong farm interests remain opposed to accession. (See *Foreign Agriculture*, March 20, 1972.)

In the future, some U.S. exports will suffer from tariff preferences accorded less developed countries (LDC's). Since last November, Norway has had a system of generalized preferences for imports from all LDC's which grants duty-free entry to a long list of products including all citrus fruits, raisins, nuts, fresh and dried peaches, honeydew melons, canned tomato paste, and prepared and preserved pineapple.

Tariffs and tariff discrimination, however, are not major limitations to U.S. sales to Norway while Norway remains outside the EC. Norway now relies primarily on nontariff barriers to regulate its agricultural imports. Tariff

rates generally are low to moderate.

Although it is a member of EFTA, Norway basically has a single-column tariff for all developed countries including the United States which receive most-favored-nation (MFN) treatment. If Norway joins the EC, membership in EFTA will, of course, terminate and trading arrangements with the EFTA members not planning to join the EC will change.

Norway's policy on farm imports is determined largely by the desire to maintain domestic farm prices at levels generally much above those of the world market and higher than those prevailing in the countries that now are members of the EC.

Except for commodities which are not grown domestically or are in seasonal short supply, imports of farm products are controlled through a rigid system of embargoes, discretionary licensing, global quotas (with accompanying quantitative restrictions), import calendars, health and sanitary restrictions, State trading, and so-called minimum import prices (MIP). Imports under the MIP system, including most types of meat, are prohibited until domestic prices reach a preset level. When this level is reached, import restrictions are lifted. However, for many products, the prices that would bring about import liberalization are set so high that restrictions seldom are lifted.

Embargoes apply primarily to dairy products. Goods under global quotas—usually established every 12 months—include mushrooms, broken rice, and turkey rolls. Discretionary licensing applies to nearly all agricultural products which are not under fixed global quotas. Discretionary licensing often results in quantitative restrictions on many products which officially are not subject to quotas.

Fresh fruits and vegetables (including potatoes) are subject to the import calendar system of seasonal restrictions. When these are in effect, imports of commodities under this system also are subject to MIP restrictions. This adversely affects U.S. exports of apples and pears and often has precluded exports of vegetables. During the past 7 years, exports of fresh vegetables have been limited to occasional shipments of carrots and onions, but opportunities do exist for sales of fresh winter vegetables.

Health and sanitary restrictions have deterred U.S. exports of eggs, poultry, and pork.

Foodgrains and feedgrains, feed concentrates, and wines are the principal commodities subject to State trading.

While there has been no major easing of restrictions on farm imports during the past year or so, some favorable changes have taken place. As of April 1972, Norway lifted restrictions on imports of polished rice. As of February 1972, the duty on frozen orange juice concentrate was reduced from about 3.75 U.S. cents per kilogram to approximately 1.87 cents. The tariff on orange and grapefruit juice was lowered 50 percent from 7.5 cents per kilogram to 3.75 cents.

Some U.S. agricultural exports to Norway have been helped by market development efforts of the U.S. Department of Agriculture and private trade groups. For example, an advertising campaign in the Norwegian information media is actively promoting the use of Florida citrus fruit juices. Last year, a point-of-purchase promotion, featuring grocery store items, was sponsored by the Office of the Agricultural Attaché. Two more in-store campaigns are scheduled within the coming months, one in November 1972 and the other in January and February 1973. Fresh winter vegetables and grapes will be featured.

U.S. AGRICULTURAL EXPORTS TO NORWAY, AVERAGE 1965-69, ANNUAL 1970 AND 1971 [1]

[In thousands of dollars]

Commodity	Average 1965-69	1970	1971
Bulk items:			
Soybeans	13,611	16,893	26,291
Tobacco, unmanufactured	6,156	7,149	3,954
Wheat	3,902	3,622	2,869
Oilcake and meal	185	59	851
Tallow	309	456	668
Cotton	954	104	578
Peanuts	90	109	475
Spices	87	153	248
Seeds for planting	70	85	185
Dried peas and lentils	214	209	161
Rice	38	48	156
Essential oils	76	96	105
Dehydrated vegetables	120	106	105
Rubber, latex	61	83	78
Fur skins	57	131	77
Starches	121	110	67
Corn	3,102	1,106	63
Other bulk items	4,395	556	357
Total bulk items	33,548	31,074	37,289
Livestock	15	12	2
Consumer items:			
Almonds	720	1,915	1,907
Prunes	964	663	785
Raisins	784	822	676
Orange juice, concentrated, frozen	17	32	513
Peaches, prepared, preserved, canned	505	346	326
Oranges, fresh	741	570	320
Fruit cocktail, prep., pres., canned	375	349	293
Lemons, fresh	379	360	240
Apples, fresh	504	246	165
Walnuts	163	195	146
Grapes, fresh	123	74	146
Pears, fresh	361	283	142
Meat products	126	166	121
Pineapples, prep., pres., canned	310	163	113
Dates	107	124	86
Asparagus, prep., pres., canned	276	70	63
Other consumer items	806	716	700
Total consumer items	7,261	7,094	6,742
Relief shipments	1	24	15
Total agricultural exports	40,824	38,205	44,049

[1] Columns do not add because of rounding.

ECUADOR: A Growing Market For U.S. Tobacco and Cigarettes

The United States is the major supplier of tobacco and cigarettes to Ecuador and has a strong position for future sales.

During 1971 Ecuador imported from the United States more than 1,000 tons of tobacco, including the tobacco content of cigarettes. This quantity of tobacco seems even larger when you consider that Ecuador is about the size of the State of Colorado and has a population of only 6 million people.

Cigarettes make up more than 60 percent of Ecuador's tobacco imports and the United States supplied more than 95 percent of the cigarettes imported by Ecuador in calendar 1971. Under the present Ecuadorean laws all cigarettes sold in Ecuador must have the word Ecuador printed on the cigarette and the pack must have a printed seal of the emblem of Ecuador.

There is only one important manufacturer of American-type cigarettes in Ecuador. This company imports more than half the tobacco it uses in the manufacture of cigarettes. In the past 3 years the United States has been the only supplier of leaf tobacco to Ecuador. Leaf tobacco imports make up approximately 40 percent of the tobacco imports.

During the period 1966-69 legal imports of tobacco and cigarettes increased every year.

In 1970, at the same time the Ecuadorean sucre was devalued, the import tax on cigarettes was increased. The official price of cigarettes was raised to 32 cents a pack. This discouraged imports and in August 1970 the Government of Ecuador received no tax revenues on cigarette imports.

Realizing the importance of cigarette trade, the Government then reduced the import tax and fixed the selling price of cigarettes at 24 cents per pack. By December 1970 cigarette imports rose to 5 million packs and tax revenues from cigarette imports were a record high in December 1970.

During calendar 1971 Ecuador's imports of cigarettes averaged 4 million packs per month. Of these the United States supplied more than 95 percent.

Much of the increase in sales can be directly attributed to the increase in advertising. American brand cigarettes are advertised in many ways not commonly seen in the United States. One company builds and gives to the post office department mail boxes in the shape and color design of their cigarette pack. A second company builds stands carrying cigarette advertising for police officers to use in directing traffic.

The population of Ecuador is increasing at 3.4 percent a year, but the use of cigarettes is increasing at almost double the rate of population growth. The Ecuadorean people like U.S. brand cigarettes and demand them. Prospects for 1972 are for record sales of U.S. cigarettes in Ecuador.

—GUY HAVILAND, JR.
U.S. Agricultural Attaché, Quito

Kinshasa To Get Super Supermarket

An immense supermarket with 17 departments and 40 adjacent boutiques will open this fall in Kinshasa, Republic of Zaire. The Société Générale d'Alimentation, owner of the complex, expects to do $7 million in sales the first year. SGA is a combined organization of previously established food-distribution firms.

Currently, food is distributed in Kinshasa through various small traditional markets, the central outdoor market, several small commercial food outlets, and two or three chain foodstores.

The one-level SGA supermarket is designed to handle 2,000 customers at one time with a staff of 200 to serve them. Food products will be displayed for customers in 800 yards of refrigerated counters. Spacious parking is provided beneath four-fifths of the overall structure as well as 50 checkout registers for quick service.

Approximately 50 percent of the building is for storage—including refrigeration for 15 tons each of dairy products, fruits and vegetables, meats, and poultry. In addition, there are 8.5 tons of deep freeze storage.

Japanese Back Palm Oil Scheme In South Pacific

A new oil palm venture for Papua New Guinea, backed by a Japanese steel industry group, has been approved by the Executive Council of the Australian Dependency's Administration. The agreement calls for an investment of about US$5.95 million over the next 4 years for a 5,000-acre oil palm plantation and an oil mill on Administration land at Bialla, West New Britain.

Preliminary survey work and building operations are to be undertaken by South Pacific Palm Oil Development Pty., Ltd. The venture will be supported by about 10,000 acres of oil palms in associated smallholder blocks for Papuans and New Guineans, to be developed by the Administration. Production of palm oil could exceed 20,000 tons by 1977.

The agreement is subject to approval by the House of Assembly, but the company was given the go-ahead beforehand, both because approval is virtually certain in view of the success of a previous scheme at nearby Cape Hoskins and because development had to begin before the end of the dry season.

Production at the Cape Hoskins scheme is well ahead of original planning targets. Yields are about 10 tons of fruit per acre, against the 6 tons assumed in the planning stage. In fact, supplies to the oil mill are now so great that facilities have been strained this season.

This success, together with the high prices being commanded by palm oil on international markets, has made the crop extremely attractive to indigennous growers. One source predicted that they would become the financial elite of Papua New Guinea.

There is little doubt that many growers have been able to reduce their debt commitments much faster than they had expected, and the average investment of about $2,400 per grower in a smallholder block will be recouped much earlier than had been thought possible.

On the basis of experience in the Cape Hoskins area, the scheme at Bialla could be even more efficient, and Papua New Guinea could become an increasingly competitive supplier of palm oil on world markets.

Vegetable Oil Mission

(Continued from page 6)

slowly, preliminary crop estimates might be made early and imports authorized immediately for at least 80 percent of the gap. After final reports on domestic production, the remainder of the gap could be authorized for import. Under the current system, importers never know their authorizations until the year is nearly over and it is far too late to meet potential demand. Such a procedure could increase annual imports by 5,000 tons if the Government approved it.

It must be recognized, however, that Ecuador is strongly emphasizing domestic oilseed and palm production, with a view to self-sufficiency. Oilseeds being considered for plantings include sesame, soybeans, and peanuts. With this major emphasis, Ecuador could reach self-sufficiency in edible vegetable oils by 1980.

Problems for U.S. soybean oil, besides the import authorization delay, include Guayaquil's limited unloading facilities for the five importers; the absence of tank farms; and the need for better importing and shipping arrangements. Further, as European soybean oil prices have fallen well below U.S. prices, importers have turned to Italy for soybean oil. U.S. shipments are also discouraged by high ocean transportation rates for small lots.

Importers have some incentive for buying soybean oil under Title I, since the Central Bank makes the prior deposits. However, the price is generally higher than that for commercial purchases assisted by barter. Private importers appear interested in CCC credit through foreign bank guarantees at 7⅛ percent—well below the current commercial rate of 12 percent for 180-day repayment. But CCC credit has not been available, owing in part to the Central Bank's apprehension over possible currency devaluation.

Peru. Ordinarily a residual supplier in the Peruvian oil market, the United States shipped Peru more than 32,000 tons of soybean oil in 1970 and over 52,000 tons in 1971. In the 1972-73 marketing year (April-March), Peru is expected to have an import deficit of about 45,000 tons, oil basis, and may import 30,000 tons of soybean oil and 30,000 tons of soybeans. Until flood damage to the domestic cotton crop can be fully assessed, the deficit cannot be finally estimated for either 1972-73 or 1973-74.

Gathering shelled coconuts in a Jamaican grove.

In the 1973-74 marketing year, soybean oil import requirements are expected to decline to 20,000 tons, mostly as oil, though some soybean imports may still be needed to augment limited local oilseed supplies for crushing. Soybean oil imports may all be from Brazil, since prices have been lower and credit terms as favorable as those of CCC. Fish oil, of which Peru is the major world producer, is programed to meet the rest of the deficit.

Ability to use fish oil in blends is a key factor in determining the import deficit for vegetable oils. For 1972-73, total liquid edible oil requirements have been estimated at nearly 90,000 tons, including 28,500 of domestic cottonseed oil, 14,000 of fish oil, 1,000 of domestic soybean oil, 1,000 of other oils, and 45,000 tons of imported soybean oil (and oil equivalent of soybeans). For 1973-74, oil requirements are expected to increase to 92,000 tons, including 40,000 of fish oil, 32,000 of domestic cottonseed oil and other oil, and only 20,000 tons of imported soybean oil. Currently, blends of 30 percent fish oil and 70 percent vegetable oil are readily accepted; 50-50 blends, now being tried, appear acceptable.

The hardened oil industry is expected to use 46,000 tons of fish oil and 1,000 of vegetable oil in 1972-73, and 50,000 tons of fish oil in 1973-74. To make the complete switch to fish oil, however, may pose problems to the margarine manufacturer.

Cottonseed is the major local oilseed. The 13 crushing plants have an estimated crushing capacity of 350,000 tons and are operating at only 50 percent of that capacity, owing to the shortage of seed. Several plants are equipped with solvent extraction facilities and have had successful trial runs on soybeans.

The hydrogenation capacity of the country, estimated at 50,000 tons in 1972, is scheduled to increase to 110,000 in 1973. Essentially, only fish oil is hydrogenated.

Palm oil production is making moderate strides. Current acreage is estimated at about 2,500 acres, primarily of trees 2 to 3 years old. Peru expects to add about 1,235 acres of palm per year and reach about 12,400 by 1980, producing 10,000 tons of palm oil.

Peru has been experimenting with soybean production in recent years. Plantings for 1972 are scheduled at about 25,000 acres, with a potential yield of over a half-ton per acre. Total production of close to 13,000 tons of soybeans is envisaged. In addition, about 44,500 acres are to be planted to soybeans as a second crop, giving a potential production of more than 23,000 tons.

Meanwhile, though final import plans are yet to be developed, northern cottonseed mills are planning on 15,000 tons of soybeans in 1972, scheduled for bulk importation during November and December. For Peru's other mills, at least 15,000 more tons are needed.

Pricing and credit are important factors in selling to Peru.

For soybean oil, c.i.f. quotations range between $263 per ton for Brazilian oil, April 1972 delivery, to $270 for U.S. oil, June 1972 delivery. The Government resells imported soybean oil for $280—a price about in line with import costs. Brazil is currently matching CCC selling terms of 7⅛ percent on the unpaid balance with repayment over 12, 24, or 36 months. Even with a $6-per-ton freight advantage, the United States is having difficulties in making CCC credit sales.

CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Aug. 30	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14	2.26	+5	1.93
USSR SKS-14	[1]	[1]	1.86
Australian FAQ[2]	2.03	0	1.72
U.S. No. 2 Dark Northern Spring:			
14 percent	2.04	+8	1.89
15 percent	[1]	[1]	1.97
U.S. No. 2 Hard Winter:			
13.5 percent	1.99	+8	1.81
No. 3 Hard Amber Durum	2.06	+3	1.81
Argentine	[1]	[1]	[1]
U.S. No. 2 Soft Red Winter	[1]	[1]	1.69
Feedgrains:			
U.S. No. 3 Yellow corn	1.52	+1	1.42
Argentine Plate corn	1.78	+4	1.67
U.S. No. 2 sorghum	1.57	+2	1.43
Argentine-Granifero sorghum	1.59	+2	1.50
U.S. No. 3 Feed barley	1.35	+1	1.10
Soybeans:			
U.S. No. 2 Yellow	3.88	−5	3.41
EC import levies:			
Wheat[3]	[4] 1.77	−3	1.45
Corn[5]	[4] 1.19	+2	.96
Sorghum[5]	[4] 1.14	−7	.94

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] Durum has a separate levy. [4] Effective October 14, 1971, validity of licenses with levies fixed in advance is a maximum of 30 days. [5] Italian levies are 21 cents a bu. lower than those of other EC countries. Note: Basis 30- to 60-day delivery.

EC Fixes Export Subsidies For French Grain Sale to USSR

On August 18, 1972, the EC fixed the wheat and barley export subsidies for the recent French grain sale to the USSR. The wheat subsidies are US$58.63 per ton for destinations on the Baltic Sea and $60.26 for Black Sea destinations. The barley subsidies are $48.86 for the Baltic Sea and $50.49 for the Black Sea. The total cost to the EC of subsidies for this sale will be in the neighborhood of $55 million.

Soviet Harvest At Crucial Point

As of August 11, nearly 53 million hectares of grain had been harvested in the USSR, which comprises 46 percent of the sown area. In the Virgin Lands region of Kazakhstan, which accounted for 57 percent of the area which was increased to recoup winter grain losses, only 13 percent of the grain crop had been harvested.

Losses of winter grain, a light spring grain crop in European USSR, and a clouded outlook in the Volga and Urals magnify the importance of the Virgin Lands area. Harvests in the Virgin Lands are running 10-15 days behind schedule and are thus more subject to frosts.

Mixed Feed Production Slows in Japan

Mixed feed production in Japan in JFY 1972 (Apr. 1972-Mar. 1973) is forecast at 16.5 million tons which is 5.3 percent higher than production this past year. This projected increase, however, is only half the growth rate of the past several years.

The slowdown in the production increase is related to the overproduction of eggs in Japan. Poultry feed, which accounts for over half of Japan's mixed feed production, will be up only 2.3 percent in JFY 1972.

SUGAR AND TROPICAL PRODUCTS

U.N. Cocoa Conference To Reconvene in September

The United Nations Cocoa Conference is scheduled to reconvene in Geneva, September 11-October 13, 1972, with the objective of concluding an International Cocoa Agreement. The meetings are a continuation of the U.N. Cocoa Conference which was held in Geneva, March 6-28, 1972, at which time a Negotiating Committee was set up to try to resolve differences that block the successful completion of an Agreement and to develop a draft text of an International Cocoa Agreement which will be considered at the monthlong meetings.

The Cocoa Producers Alliance (comprised of Ghana, Nigeria, Brazil, Ivory Coast, Cameroon, and Togo—which produce over three-fourths of the world's cocoa) has announced that it plans to set up its own stabilization plan if no agreement is reached at the upcoming U.N. Conference. The Alliance has unsuccessfully attempted to control prices in the past through implementation of export quotas by its members.

Coffee Prices Start To Weaken

Following the July 8 freeze in Brazil, the prices of all four major types of coffee rose sharply, reaching a peak level in

late July. A reaction has now set in, however, and prices for all types have started to decline. By August 18, the price of Colombians was off by 2¼ cents per pound from the peak, the price of Other Milds had fallen by 6 cents per pound, and Robustas had dropped by more than 3 cents per pound. The price of Unwashed Arabicas (primarily Brazil) fell more than 3 cents per pound (to 60.20 cents per pound) in response to a reduction in the contribution quota (export tax) by the Brazilian Coffee Institute.

The freeze did not affect the size of the 1972-73 harvest in Brazil—currently estimated at 24.3 million bags. An ample supply of coffee exists to more than meet any foreseeable demand.

The problem is that an unusually high percentage of the Brazilian crop (some say as much as 97 percent) remains in the hands of growers and middlemen in the interior of the country. These people are apparently holding onto their coffee, speculating that the price will rise further. Unless pressed financially, it is likely that the growers will sell their crop only gradually. Meanwhile, reports indicate that exporters' stocks are low.

In such a situation, psychological factors are all-important. If the market starts to break, the price could decline rapidly as growers rush to sell.

TOBACCO

Rhodesia's Burley Market in Trouble

The free auction tobacco sales now in operation for burley tobacco in Rhodesia are reported to be on the verge of collapse as growers are offered prices below the cost of production and the Government has not intervened to support the price. Burley production has expanded since 1965 when sanctions were imposed on Rhodesia's trade. Some growers shifted out of flue-cured tobacco, the major crop, to burley because of the increasing demand.

The current burley crop is estimated to exceed 5 million pounds. Anticipating a strong demand for burley tobacco, growers had requested a free market without Government support but buyers have been reluctant to bid due to the poor quality of this year's crop.

LIVESTOCK AND MEAT PRODUCTS

Australian Beef Sold to Chile

Trade reports indicate that Australia has made a sale of approximately 4.5 million pounds of beef to Chile, valued at almost $3 million. The beef was to be shipped to Chile during August and September.

Spain Prohibits Slaughter Of Calves and Young Lambs

The Spanish Government has announced a ban on the slaughter of calves weighing under 265 pounds carcass weight and on lambs under 20 pounds liveweight. The marketing of lamb carcasses weighing under 9 pounds is also prohibited. These regulations will be effective throughout the 1972-73 marketing year which began July 1.

FRUITS, NUTS, AND VEGETABLES

Hamburg Prices of Canned Fruits and Juices

Quotations represent importers' selling prices, including duty and sugar-added levy, but excluding the value-added tax. Sales are in lots of 50-100 cases.

Type and quality	Size of can	Price per dozen units [1] July 1971	Apr. 1972	July 1972	Origin
CANNED FRUITS					
Apricot halves:					
Choice	2½	4.59	4.28	4.11	S. Africa
Do, light syrup	2½	3.09	3.68	3.69	Greece
Not specified	2½	3.60	3.98	3.81	Spain
Peach halves:					
Choice	2½	4.68	5.08	4.76	U.S.
Do, light syrup	2½	4.28	4.55	4.42	S. Africa
Not specified	2½	3.12	3.28	4.04	Greece
Do	2½	4.01	4.28	4.27	Argentina
Peach slices:					
Choice	2½	—	—	4.11	S. Africa
Regular	2½	—	4.07	4.11	Australia
Not specified	2½	—	4.17	4.04	U.S.
Pears:					
Heavy syrup	2½	3.94	—	4.42	Italy
Do	No. 1	—	—	3.85	Australia
Do	No. 1	3.50	3.88	4.19	Italy
Fruit cocktail:					
Choice	2½	5.35	5.84	5.75	Australia
Do, light syrup	2½	5.42	—	5.98	U.S.
Not specified	1 kg.	—	—	5.18	Argentina
Do, 4 fruits	1 kg.	—	5.76	5.22	Italy
Cherries, red pitted:					
Fancy, water pack	10	22.97	26.24	26.47	U.S.
Not specified, water pack	10	—	18.71	18.67	Greece
Do	5 kg.	—	29.75	31.04	Yugoslavia
Pineapple slices, whole:					
Not specified	10	—	13.26	13.33	Taiwan
Do	2½	3.29	3.15	3.47	S. Africa
Do	2½	—	3.79	3.54	Ivory Coast
CANNED JUICES					
Orange, unsweetened	43 oz.	3.46	3.71	3.54	Greece
Do	20 oz.	—	—	2.09	Israel
Grapefruit, unsweetened	20 oz.	—	—	2.40	U.S.
Do	20 oz.	—	—	2.44	Israel
Do	43 oz.	3.70	4.13	3.88	Greece

[1] Converted to U.S. dollars at approximate parity existing when quotations were observed.

Iranian Pistachio Crop Damaged

In the aftermath of a severe and widespread fungus infestation which destroyed a large percentage of Iran's 1972 pistachio crop, harvest estimates have been sharply curtailed. Revised forecasts place the 1972 harvest at 11,000 short tons (in-shell basis) as compared to the original forecast which called for a record 22,000 tons. (The 1967-71 average is just under 11,000 tons.)

Producers, who had expanded processing facilities, will now face a heavy financial burden in meeting the cost of these capital investments. In addition to seeking financial relief, they have requested studies to determine the cause of the infestation and to find preventive measures.

COTTON

USSR Increases Cotton Exports To Non-Communist Countries

Although final trade information on Soviet exports of raw cotton during calendar 1971 is not yet available, trade data from importing countries indicate that Soviet cotton exports to non-Communist countries rose sharply in 1971. Total imports of Soviet cotton by the European Community, Japan, Hong Kong, and the United Kingdom reached 525,000 bales (480 lb. net) in 1971, compared with only 335,000 bales in 1970—an increase of 57 percent.

The largest increase came in French imports of Soviet cotton, which rose from 59,000 bales in 1970 to 128,000 bales in 1971. Japan's imports of Soviet cotton were up by 45,000 bales to 219,000 bales; imports by the United Kingdom and Hong Kong more than doubled, reaching 54,000 bales and 39,000 bales, respectively. Of these countries, only Italy showed a decrease in imports of Soviet cotton in 1971.

The sharp increase in Soviet exports to non-Communist countries was made possible by the large 1970-71 cotton crop harvested in the Soviet Union in the fall of 1970. Approximately 10.8 million bales of cotton were harvested in 1970-71, compared with 9 million the previous year.

The record 1971-72 crop, now placed at 11.1 million bales, is expected to further increase export availabilities during calendar 1972. There already is some evidence of larger exports to non-Communist countries: Japan's cotton imports from the Soviet Union reached 315,000 bales for the first 11 months of the 1971-72 season (Aug.-June), including imports under a bilateral trade agreement in which Soviet cotton is exchanged for Japanese textiles.

FATS, OILS, AND OILSEEDS

Fish Meal Prices Soar

Peruvian fish meal prices have been rising sharply—to the highest level in 3 years. At US$226 per metric ton, Hamburg, the price is 45 percent above the $156 of a year ago. Between August 3 and August 10 the price shot up $21. These price rises have been spurred by the current dearth of fish off Peru's coast and the gradual exhaustion of Peru's once-large stocks of fish meal to fill heavy export commitments. The tight world supply and demand situation in soybean meal has also had an impact on fish meal prices.

Despite the 18-percent rise in soybean meal over a year ago (from $108 to $127 for 44-percent meal, c.i.f. Rotterdam), soybean meal now has a significant competitive edge over fish meal—for the first time since last spring—when the relative nutritive values are taken into consideration.

West Malaysian Palm Oil Situation

Below-average rainfall appears to be adversely affecting the expected expansion in West Malaysian palm oil output. Palm oil output during the January-May 1972 period totaled 213,766 metric tons, only 7 percent above the same 5 months in 1971. Expansion in May output slackened to only 1 percent above the same month a year earlier and declined 3 percent from the April 1972 volume.

Exports during the January-May period this year have exceeded production, reflecting depletion of stocks. Exports totaled 237,500 tons, or 18 percent above the same months in 1971.

Projecting the 6.7 percent rate of output expansion for the January-May 1972 period to the calendar year, production would approximate 585,000 tons against 551,000 tons in 1971. If West Malaysian palm oil consumption remains near last year's volume of 13,000 tons and stocks remain at the current level, exports during calendar 1972 could approximate 600,000 tons compared with 534,000 tons in 1971.

DAIRY AND POULTRY

Malaysia To Permit Imports Of Uncooked U.S. Turkeys

Malaysia has recently modified its certification requirements to permit the importation of U.S. uncooked whole turkeys and turkey products. Previously, Malaysia had maintained health barriers to imports of U.S. uncooked poultry products; only hermetically sealed or tinned U.S. cooked poultry products could meet these requirements.

The sales potential for U.S. turkey and turkey products for the holiday season and tourist trade is thought to be excellent.

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FOREIGN AGRICULTURE

Zenno—A Merger of Japanese Cooperatives (Continued from page 7)

production materials and household goods—from $14 billion currently, to $29 billion by fiscal 1975-76.

In anticipation of economic expansion, Zenno already is expanding its facilities. Currently it owns 500 co-op stores, with about 2,500 square feet of retail space in each, and 40 general supermarkets throughout Japan. These stores handle many diverse products including foods, fuels, seeds, feeds, chemicals, and farm implements. By 1976, Zenno plans to increase the total number of cooperative stores to nearly 1,400 and the number of general supermarkets to 230.

One of Zenno's major concerns is producing and selling commercial feeds. About 45 percent of the commercial feed produced in Japan is manufactured by cooperative feedmaking facilities. These feeds are formulated to Zenno specifications by 57 feedmakers, who receive most of their feed ingredients through Zenno's international trading organization—UNICOOPJAPAN.

UNICOOPJAPAN is an additional facet of Zenno. It evolved because Japan's Agricultural Cooperative Laws prohibit co-ops from engaging in foreign trading. To enter into international trade, UNICOOPJAPAN was established as a joint stock company in 1961 by the Japanese Agricultural, Fishery, and Forestry Cooperative Associations. UNICOOPJAPAN imports a major share of the products for use by co-ops, and exports a share of the products produced by the cooperative facilities.

To obtain the imported products and feedstuffs that Zenno requires, UNICOOPJAPAN maintains offices in New York, Los Angeles, and Bangkok and dispatches buying and marketing missions throughout the world. UNICOOPJAPAN is now a member of the Chicago Board of Trade and has cooperative arrangements in more than 20 countries for receiving or supplying products. UNICOOPJAPAN trades directly with cooperatives or producers' organizations in other countries.

This international "section" of Zenno has been an achiever. In 1961, its first year of operation, it handled only $2.3 million worth of products, compared with $127.8 million in 1971.

As shown by the table, imports from the United States have grown in line with total imports. In calendar 1971, 750,000 metric tons of grain, including 550,000 tons of corn and 200,000 tons of milo, were imported by UNICOOPJAPAN from the United States. This grain moved on six vessels, leased by Zenno, which ply between U.S. ports and Japan at a rate of 4 to 5 round trips per year.

Zenno is hoping to increase the volume of feed ingredients imported through UNICOOPJAPAN and pass on the savings to the farmers, and through them, to the consumers. Also, the planned increase in the number of cooperative stores and supermarkets indicates that Zenno is planning to expand its services to its farmer members. Thus, it fully expects to gain an increasing share of the farm-related business in the years ahead.

Opening ceremony at a Zenno store.

Unloading grain at a port elevator.